



Congressman Jim Jordan (R-OH), Chairman

March 3, 2010

House May Take Up “Jobs” Bill This Week

House Democrats originally hoped to take up the Senate-passed “jobs” bill last week, but could not find the votes for passage because of concerns from the Congressional Black Caucus, the Blue Dog Caucus, and Transportation and Infrastructure Chairman James Oberstar. Congressional Black Caucus Vice Chair Emanuel Cleaver stated: *“I’m offended that it’s been called a jobs bill.”* The Democrats currently plan to bring something that will be called a “jobs” bill to the floor tomorrow, though it is unclear what the bill will consist of—it is possible that the bill will be based on what the Senate passed last week. This legislation is (according to the CBO score), a net tax increase of *\$8.7 billion* over ten years, and a net mandatory spending increase of *\$7.6 billion* over ten years. Details of the Senate-passed bill:

Payroll Tax Cut: The legislation suspends the employer’s share of payroll taxes for any employee hired between February 3, 2010 and January 1, 2011 who had previously been unemployed for 60 days or more. *Tax cut of \$12.9 billion over ten years.*

Section 179 Small Business Expensing: The “stimulus” allowed small businesses to write-off up to \$250,000 in capital expenditures at a phase-out threshold of \$800,000 through December 31, 2009. This legislation would extend this provision through 2010. *Tax cut of \$35 million over ten years.*

Modification to Build America Bonds: The “stimulus” created Build America Bonds, which allow state and local governments the option of issuing tax credit bonds, and allows states to elect to receive a direct payment from the federal government equal to the tax benefit that the state would otherwise receive from issuing these bonds. This provision would expand the availability of Build America Bonds to certain non-taxpaying entities such as government workers. *Spending increase of \$7.3 billion, revenue increase of \$5.0 billion.*

Quote of the Week: *“So much of our government was built to deal with different challenges from a different era... Too often, the result is wasteful spending, bloated programs, and inefficient results.”*

-President Obama, 4/25/09

Highway Authorization Extension/Transfer: The legislation shifts \$20 billion from the general fund to the highway trust fund. Though CBO does not score this as directly increasing the deficit (since highway spending is ultimately set by appropriation), it is very likely that this shift will increase the deficit by a corresponding amount. The legislation also extends authorization of highway programs through 2010.

Tax Increases: The legislation includes the text of the “Foreign Account Tax Compliance Act” (S. 1934), which imposes a 30 percent withholding tax penalty on foreign financial institutions that do not report to the IRS comprehensive information on income earned by U.S. based account holders. The legislation also delays application of worldwide allocation of interest (an often used tax increase offset, delayed many times in other bills. Originally set to be implemented in December 31, 2008—this would delay until December 31, 2019). *Total tax increase of \$16.7 billion over ten years.*

RSC Members Introduce Spending Limit Amendment

RSC Members Jeb Hensarling, Mike Pence, and John Campbell are introducing a constitutional amendment today that would limit federal spending to 20% of the economy (with a waiver in the event of a declaration of war or a two-thirds vote of the Congress). Federal spending was 24.7% of GDP last year, and would stay at near-record levels for the entirety of the budget window under the President’s budget. This amendment would place a constitutional constraint on future spending growth, ensuring that future generations are not left without a constitutional safeguard against dramatically higher taxes and increasing servitude towards government.

According to reports, the Blue Dogs Coalition plans to offer a Balanced Budget Amendment. RSC Member Bob Goodlatte introduced a Balanced Budget on the first day of the 111th Congress, which has 175 cosponsors. The RSC also offered a balanced budget plan, as an amendment to the Democrat budget resolution, on the House floor (unfortunately no Democrats supported the plan).

For more information, please contact Brad Watson at x69719